

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/098 W

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R 041022Z SEP 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7212

INFO USDEL MTN GENEVA

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E. O. 11652: NA

TAGS: EGEN, ETRD, RP

SUBJECT: PHILLIPPINE REQUEST FOR TRADE TALKS

REF: MANILA 12175

PASS STR

1. AS ANTICIPATED REFTTEL, EMBASSY RECEIVED TODAY A DFA NOTE REQUESTING EARLY TRADE TALKS, TEXT AS FOLLOWS: QUOTE

THE DEPARTMENT OF FOREIGN AFFAIRS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND HAS THE HONOR TO REFER TO CERTAIN ASPECTS OF TRADE RELATIONS BETWEEN THE PHILIPPINES AND THE UNITED STATES.

THE DEPARTMENT PROPOSES THAT EARLY NEGOTIATIONS BE COMMENCED BETWEEN THE TWO COUNTRIES FOR THE PURPOSE OF SETTling PENDING PROBLEMS INVOLVING TRADE, ESPECIALLY WITH RESPECT TO TARIFFS IMPOSED BY THE UNITED STATES GOVERNMENT  
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ON TWO MAJOR PRODUCTS FROM THE PHILIPPINES, MANELY COCONUT

OIL AND PHILIPPINE MAHOGANY.

AS THE EMBASSY IS AWARE, A ONE CENT PER POUND DUTY IS IMPOSED ON COCONUT OIL ENTERING THE UNITED STATES WHILE OTHER PRODUCTS SUCH AS BABASU OIL, PALM KERNAL OIL, VEGETABLE TALLOW AND PALM OIL WHICH ARE CONSIDERED SUBSTITUTES AND THEREFORE COMPETITIVE TO COCONUT OIL ARE IMPORTED INTO THE UNITED STATES EITHER FREE OF TARIFF OR SUBJECT TO A LOWER RATE OF DUTY.

INASMUCH AS THE PHILIPPINES-EXPORTED TO THE UNITED STATES COCONUT OIL AMOUNTING TO 272 MILLION KILOGRAMS OR 597 MILLION POUNDS IN 1973 AND 298 MILLION KILOGRAMS OR 655 MILLION POUNDS IN 1974, IT IS ESTIMATED THAT APPROXIMATELY US\$6 MILLION IN DUTIES WERE PAID IN 1973 AND US\$6.5 MILLION IN 1974.

AS REGARDS EXPORTS OF WOOD PRODUCTS CLASSIFIED BY THE TARIFF SCHEDULE OF THE UNITED STATES ANNOTATED (1975) AS PHILIPPINE MAHOGANY, IT WILL BE OBSERVED THAT ON BOTH VENEER AND PLYWOOD PRODUCTS, THE DUTIES LEVIED ARE HIGHER THAN FOR COMPARABLE AND COMLLTTITIVE WOOD PROT CTS.

THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES VIEWS WITH SERIOUS CONCERN THE ADVERSE EFFECTS OF THE TARIFF RATES LEVIED ON THESE PHILIPPINE PRODUCTS ENTERING THE UNITED STATES MARKET AND REQUESTS THAT THE TARIFF RATES ON COCONUT OIL AND PHILIPPINE MAHOGANY BE ELIMINATED OR REDUCED TO THE RATES IMPOSED ON SIMILAR PRODUCTS.

UNQUOTE

2. EMBASSY PROPOSES TO REPLY ALONG THE FOLLOWIN LINES:

QUOTE: THE EMBASSY OF THE UNITED STATES OF AMERICAN PRESENDS ITS COMPLIMENS TO THE DEPARTMENT OF FOREIGN AFFAIRS AND HAS THE HONOR TO REFER TO THE DEPARTMENT'S NOTE 75-2298 PROPOSING EARLY NEGOTIATIONS BETWEEN THE PHILIPPINES AND THE UNITED STATES RESPECTING TARIFF AND RELATED MATTERS LIMITED OFFICIAL USE

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OF TRADE AND ECONOMIC INTEREST TO THE TWO COUNTRIES, AND TO AMBASSADOR SULLIVAN'S SUBSEQUENT DISCUSSION OF THIS PROPOSAL ON SEPT. 4 WITH SECRETARY ROMULO.

AS AGREED BETWEEN SECRETARY ROMULO AND AMBASSADOR SULLIVAN, IT IS CONSIDERED THAT NEGOTIATIONS ON THE TWO COMMODITIES MENTIONED IN THE DEPARTMENT'S NOTE CAN BEST BE HANDLED IN THE CONTEXT OF THE BILATERAL DISCUSSIONS ON

THOSE TRADE MATTERS WHICH WILL FORM A PART OF THE LARGER NEGOTIATIONS ON ECONOMIC COOPERATION BETWEEN OUR TWO COUNTRIES. AS THE DEPARTMENT IS AWARE, THE EMBASSY TRANSMITTED TO THE DEPARTMENT IN EARLY 1974 THE DRAFT TEXT OF A PROPOSED TREATY OF ECONOMIC COOPERATION WITH TRADE ANNEXES, WHICH DOCUMENT PROVIDED A FOCUS FOR TECHNICAL TALKS IN MANILA DURING JULY 1974.

THE UNITED STATES WOULD WELCOME EARLY RESUMPTION OF TALKS LEADING TO CONCLUSION OF THAT AGREEMENT, INCLUDING, OF COURSE, THE CONSIDERATION OF APPROPRIATE ACTIONS RESPECTING SPECIFIC TRADE INTERESTS OF THE PHILIPPINES.

IF THE DEPARTMENT IS AGREEABLE TO TALKS OF THE FOREGOING NATURE, THE EMBASSY WOULD BE HAPPY AT THE DEPARTMENT'S CONVENIENCE TO DISCUSS A POSSIBLE TIME-TABLE, AGENDA AND VENUE. UNQUOTE

3. DEPARTMENT COMMENTS AND SUGGESTIONS WILL BE MUCH APPRECIATED.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
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